

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

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**Action:** Do Pass  
**Vote:** 6 - 4 - 0  
**Yeas:** Edwards, Garrett, Gelser, Nolan, Read, Roblan  
**Nays:** Berger, Garrard, Hanna, Jenson  
**Exc.:** 0  
**Prepared By:** Cheyenne Ross, Administrator  
**Meeting Dates:** 2/17, 2/18

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**WHAT THE MEASURE DOES:** Prohibits the use of credit history for employment purposes including hiring, discharge, promotion, and compensation. Provides exceptions for financial institutions, public safety offices, and other employment if credit history is job-related and use is disclosed to applicant or employee. Establishes violation as unlawful employment practice, enforceable through the Bureau of Labor and Industries and civil action. Establishes operative date of July 1, 2010. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Employer's use of credit histories as screening tool
- Employer's need to screen effectively
- Assumptions that connect creditworthiness to job performance
- Negative effect on credit history caused by things like divorce, unanticipated extraordinary health care costs, and other life circumstances; exacerbation due to current economic downturn
- Potential inaccuracy of credit history information
- Disclosure of other private, potentially sensitive information contained on a credit report
- Employer opportunity to make case to use credit histories
- Meaning of "substantially job-related"
- Stricter bans in other states

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Senate Bill 1045A limits the amount a prevailing party can be awarded in a civil action to the same amounts as outlined in current statute related to civil rights violations. It defines "credit history" as a communication of information by a consumer reporting agency that bears on a consumer's creditworthiness, credit standing, or credit capacity. Credit histories have been used as an indication of an applicant's responsibility and to verify application information. Credit reports maintained by consumer reporting agencies, however, are said to often contain incorrect information.